Ben and Ling are partners sharing profits and losses equally. The terms of their agreement are:

1. Partners are to be credited with interest on capital at 5% per annum.
2. Drawings are charged with interest on capital at 5% per annum calculated from the date when the drawings are made.
3. Loans from partners are allowed at 7% interest per annum.
4. Ben was allowed salaries of RM500 per month.

The following balances were extracted from the books of partnership as at 31 December 2015:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Debit** | **Credit** |
|  |  | **RM** | **RM** |
|  | Gross Profit |  | 40,860 |
|  | Buildings | 94,000 |  |
|  | Furniture and Fittings | 25,000 |  |
|  | Mortgage on Buildings |  | 11,000 |
|  | Inventory, as at 31 December 2015 | 17,250 |  |
|  | Insurance Expenses | 1,500 |  |
|  | Administration Expenses | 12,000 |  |
|  | Accounts Receivable and Accounts Payable | 6,000 | 2,000 |
|  | Bank | 25,600 |  |
|  | Drawings by Ling on 1 July 2015 | 1,200 |  |
|  | Capital Accounts, as at 1 January 2015 |  |  |
|  | Ben |  | 70,000 |
|  | Ling |  | 50,000 |
|  | Current Accounts, as at 1 January 2015 |  |  |
|  | Ben | 1,000 |  |
|  | Ling |  | 1,500 |
|  | Interest On Mortgage Loan | 310 |  |
|  | Accumulated Depreciation of Furniture and Fixtures |  | 2,500 |
|  | Loan from Ben |  | 6,000 |
|  |  | 183,860 | 183,860 |

The following adjustments were to be considered:

1. Insurance expenses amounted to RM1,200 had been paid for 12 months ended 31 March 2016.
2. Interest on loan was due to Ben.
3. Furniture and Fixtures were to be depreciated at 10% p.a. on cost.
4. To create 5% allowance for doubtful debts on accounts receivable.

You are required to prepare:

1. Partners’ Current Account (in columnar form)
2. Income Statement (Extract) for the year ended 31 December 2015
3. Statement of Financial Position as at 31 December 2015